

**CITY OF GREENFIELD, IOWA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

CITY OF GREENFIELD, IOWA

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CITY OF GREENFIELD, IOWA

**OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

Name	Title	Term Expires	Bond Coverage
Randy Standley	Mayor	12/31/2011	\$ 10,000
Kevin Hall	Council Member	12/31/2009	10,000
Debra Houghtaling	Council Member	12/31/2009	10,000
Ron Smith	Council Member	12/31/2009	10,000
Lynn Harris	Council Member	12/31/2011	10,000
Carol Woosley	Council Member	12/31/2011	10,000
Phil Cannon	Utility Trustee	12/31/2010	10,000
Lynne Don Carlos	Utility Trustee	12/31/2012	10,000
Richard Kohler	Utility Trustee	12/31/2014	10,000
Dick Kuhl	Library Trustee	7/1/2010	10,000
Linda Kintigh	Library Trustee	7/1/2010	10,000
Larry Means	Library Trustee	7/1/2010	10,000
Roleen Chiles	Library Trustee	7/1/2013	10,000
Rana Glade	Library Trustee	7/1/2013	10,000
Marilyn Nickel	Library Trustee	7/1/2013	10,000
George Pierce	Library Trustee	7/1/2013	10,000
Rebecca Haase	City Clerk/Treasurer	Indefinite	40,000
Twyla Faust	City Deputy Clerk	Indefinite	40,000
Duane Armstead	Utility General Manager	Indefinite	40,000

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Catherine T. Kellogg, C.P.A.

INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2010, on our consideration of the City of Greenfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparisons on pages 20 and 21 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Greenfield has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 which are not presented herein, and expressed unqualified opinions on those financial statements. Other supplemental information on pages 22 through 25 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By _____
Certified Public Accountant

April 29, 2010

FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

		Program Receipts			
	Program Disbursements	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS:					
Primary Government -					
Governmental Activities -					
Public Safety	\$ 413,688	\$ -	\$ 136,446	\$ -	\$ (277,242)
Public Works	361,058	24,688	176,643	-	(159,727)
Culture and Recreation	101,663	-	-	-	(101,663)
Community and Economic Development	19,080	31,894	-	-	12,814
General Government	255,540	6,473	-	-	(249,067)
Debt Service	105,000	-	-	-	(105,000)
Capital Projects	133,803	-	-	-	(133,803)
Total Governmental Activities	1,389,832	63,055	313,089	-	(1,013,688)
Business Type Activities - Sewer	139,751	254,191	-	-	114,440
Total of Primary Government	<u>\$ 1,529,583</u>	<u>\$ 317,246</u>	<u>\$ 313,089</u>	<u>\$ -</u>	<u>\$ (899,248)</u>
Components -					
Governmental Activities -					
Library	\$ 115,080	\$ 1,745	\$ 14,847	\$ -	\$ (98,488)
Business Type Activities -					
Water	562,230	488,470	-	-	(73,760)
Electric	3,536,738	3,368,297	-	-	(168,441)
Total of Components	<u>\$ 4,214,048</u>	<u>\$ 3,858,512</u>	<u>\$ 14,847</u>	<u>\$ -</u>	<u>\$ (340,689)</u>

(Continued)

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

		Program Receipts			
	Program Disbursements	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
FUNCTIONS/PROGRAMS:					
Primary Government -					
Governmental Activities -					
Public Safety	\$ 413,688	\$ -	\$ 136,446	\$ -	\$ (277,242)
Public Works	361,058	24,688	176,643	-	(159,727)
Culture and Recreation	101,663	-	-	-	(101,663)
Community and Economic Development	19,080	31,894	-	-	12,814
General Government	255,540	6,473	-	-	(249,067)
Debt Service	105,000	-	-	-	(105,000)
Capital Projects	133,803	-	-	-	(133,803)
Total Governmental Activities	1,389,832	63,055	313,089	-	(1,013,688)
Business Type Activities - Sewer	139,751	254,191	-	-	114,440
Total of Primary Government	<u>\$ 1,529,583</u>	<u>\$ 317,246</u>	<u>\$ 313,089</u>	<u>\$ -</u>	<u>\$ (899,248)</u>
Components -					
Governmental Activities -					
Library	\$ 115,080	\$ 1,745	\$ 14,847	\$ -	\$ (98,488)
Business Type Activities -					
Water	562,230	488,470	-	-	(73,760)
Electric	3,536,738	3,368,297	-	-	(168,441)
Total of Components	<u>\$ 4,214,048</u>	<u>\$ 3,858,512</u>	<u>\$ 14,847</u>	<u>\$ -</u>	<u>\$ (340,689)</u>

(Continued)

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Primary Government			Total of Components
	Governmental Activities	Business Type Activities	Total Primary Government	
CHANGES IN NET ASSETS:				
Net (Expense) Revenue from Function Programs (Continued from Previous Page)	\$ (1,013,688)	\$ 114,440	\$ (899,248)	\$ (340,689)
General Receipts -				
Property Taxes Levied for -				
General Purposes	361,814	-	361,814	-
Employee Benefits	143,598	-	143,598	-
Tax Increment Financing	259,513	-	259,513	-
Debt Service	51,870	-	51,870	-
Local Option Sales and Other City Tax	192,068	-	192,068	-
Use of Money (Interest) and Property	54,622	33,486	88,108	56,375
Special Assessments	32,833	-	32,833	-
Miscellaneous	25,656	-	25,656	109,988
Remitted Sewer Fees - Net	-	-	-	(43,329)
Operating Transfers (To) From	(126,626)	-	(126,626)	126,626
Payment to City from Electric	100,000	-	100,000	(100,000)
Total General Receipts and Transfers	<u>1,095,348</u>	<u>33,486</u>	<u>1,128,834</u>	<u>149,660</u>
Change in Cash Basis Net Assets	81,660	147,926	229,586	(191,029)
Cash Basis Net Assets - Beginning of Year	1,638,408	1,717,781	3,356,189	1,922,730
Cash Basis Net Assets - End of Year	<u>\$ 1,720,068</u>	<u>\$ 1,865,707</u>	<u>\$ 3,585,775</u>	<u>\$ 1,731,701</u>
CASH BASIS NET ASSETS:				
Restricted for -				
Road Use Tax Fund Activity	\$ 256,677	\$ -	\$ 256,677	\$ -
Employee Benefits Fund Activity	16,901	-	16,901	-
Local Option Tax Fund Activity	72,861	-	72,861	-
T I F Fund Activity	306,897	-	306,897	-
Debt Service Fund Activity	510,155	-	510,155	836,578
Unrestricted	556,577	1,865,707	2,422,284	895,123
Total Cash Basis Net Assets	<u>\$ 1,720,068</u>	<u>\$ 1,865,707</u>	<u>\$ 3,585,775</u>	<u>\$ 1,731,701</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	General	Special Revenue			
		Road Use Tax	Employee Benefit	Local Option Tax	TIF
RECEIPTS:					
Property/Other Allocated Taxes	\$ 361,814	\$ -	\$ 143,598	\$ -	\$ 259,513
Other City Taxes	4,499	-	1,786	185,138	-
Licenses and Permits	4,943	-	-	-	-
Use of Money (Interest) and Property	54,622	-	-	-	-
Intergovernmental	136,446	176,643	-	-	-
Charges for Services	58,112	-	-	-	-
Special Assessments	-	-	-	-	-
Donations	-	-	-	-	-
Miscellaneous	25,656	-	-	-	-
Total Receipts	646,092	176,643	145,384	185,138	259,513
DISBURSEMENTS:					
Operating -					
Public Safety	395,808	-	17,880	-	-
Public Works	128,573	211,148	6,887	-	-
Culture and Recreation	97,648	-	4,015	-	-
Community Economic Development	19,080	-	-	-	-
General Government	248,690	-	6,850	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Disbursements	889,799	211,148	35,632	-	-
Excess (Deficiency) of Receipts over Disbursements	(243,707)	(34,505)	109,752	185,138	259,513
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	100,000	-	-	-	-
Proceeds of Debt	-	-	-	-	-
Transfers In	610,644	-	-	-	-
Transfers Out	(126,626)	-	(140,644)	(470,000)	(253,253)
Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements	340,311	(34,505)	(30,892)	(284,862)	6,260
Cash Balances - Beginning of Year	216,266	291,182	47,793	357,723	300,637
Cash Balances - End of Year	\$ 556,577	\$ 256,677	\$ 16,901	\$ 72,861	\$ 306,897
CASH BASIS FUND BALANCES:					
Unreserved	\$ 556,577	\$ 256,677	\$ 16,901	\$ 72,861	\$ 306,897
Total Cash Basis Fund Balances	\$ 556,577	\$ 256,677	\$ 16,901	\$ 72,861	\$ 306,897

(Continue Across)

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	Debt Service	Capital Projects	Primary Government Total	Component Library	Governmental Funds Totals
RECEIPTS:					
Property/Other Taxes	\$ 51,870	\$ -	\$ 816,795	\$ -	\$ 816,795
Other City Taxes	645	-	192,068	-	192,068
Licenses and Permits	-	-	4,943	-	4,943
Use of Money (Interest) and Property	-	-	54,622	742	55,364
Intergovernmental	-	-	313,089	9,847	322,936
Charges for Services	-	-	58,112	1,745	59,857
Special Assessments	32,833	-	32,833	-	32,833
Donations	-	-	-	5,000	5,000
Miscellaneous	-	-	25,656	524	26,180
Total Receipts	<u>85,348</u>	<u>-</u>	<u>1,498,118</u>	<u>17,858</u>	<u>1,515,976</u>
DISBURSEMENTS:					
Operating -					
Public Safety	-	-	413,688	-	413,688
Public Works	-	14,450	361,058	-	361,058
Culture and Recreation	-	-	101,663	115,080	216,743
Community Economic Development	-	-	19,080	-	19,080
General Government	-	-	255,540	-	255,540
Debt Service	50,000	55,000	105,000	-	105,000
Capital Projects	2,650	131,153	133,803	-	133,803
Total Disbursements	<u>52,650</u>	<u>200,603</u>	<u>1,389,832</u>	<u>115,080</u>	<u>1,504,912</u>
Excess (Deficiency) of Receipts over Disbursements	32,698	(200,603)	108,286	(97,222)	11,064
OTHER FINANCING SOURCES (USES):					
Payment from Electric to City	-	-	100,000	-	100,000
Proceeds of Debt	-	-	-	-	-
Transfers In	52,650	200,603	863,897	126,626	990,523
Transfers Out	-	-	(990,523)	-	(990,523)
Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements (Uses)	85,348	-	81,660	29,404	111,064
Cash Balances - Beginning of Year	424,807	-	1,638,408	86,231	1,724,639
Cash Balances - End of Year	<u>\$ 510,155</u>	<u>\$ -</u>	<u>\$ 1,720,068</u>	<u>\$ 115,635</u>	<u>\$ 1,835,703</u>
CASH BASIS FUND BALANCES:					
Unreserved	\$ 510,155	\$ -	\$ 1,720,068	\$ 115,635	\$ 1,835,703
Total Cash Basis Fund Balances	<u>\$ 510,155</u>	<u>\$ -</u>	<u>\$ 1,720,068</u>	<u>\$ 115,635</u>	<u>\$ 1,835,703</u>

See Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	Primary Government Sewer	Components Water	Electric	Proprietary Funds Totals
RECEIPTS:				
Use of Money (Interest) and Property	\$ 33,486	\$ 2,159	\$ 53,474	\$ 89,119
Charges for Services	254,191	488,470	3,368,297	4,110,958
Miscellaneous	-	9,503	99,961	109,464
Total Receipts	<u>287,677</u>	<u>500,132</u>	<u>3,521,732</u>	<u>4,309,541</u>
DISBURSEMENTS:				
Business Type Activities	115,501	530,567	2,989,224	3,635,292
Debt Service	-	20,000	489,191	509,191
Capital Outlays	<u>24,250</u>	<u>11,663</u>	<u>58,323</u>	<u>94,236</u>
Total Disbursements	<u>139,751</u>	<u>562,230</u>	<u>3,536,738</u>	<u>4,238,719</u>
Excess (Deficiency) of Receipts				
Over Disbursements	147,926	(62,098)	(15,006)	70,822
OTHER FINANCING SOURCES (USES):				
Payment to City	-	-	(100,000)	(100,000)
Sewer Fees - Net Pay Out	-	-	(43,329)	(43,329)
Transfers In	-	-	288,642	288,642
Transfers Out	<u>-</u>	<u>-</u>	<u>(288,642)</u>	<u>(288,642)</u>
Excess (Deficiency) of Receipts and Other				
Financing Sources Over Disbursements (Uses)	147,926	(62,098)	(158,335)	(72,507)
Cash Balances - Beginning of Year	1,717,781	71,024	1,765,475	3,554,280
Cash Balances - End of Year	<u>\$ 1,865,707</u>	<u>\$ 8,926</u>	<u>\$ 1,607,140</u>	<u>\$ 3,481,773</u>
CASH BASIS FUND BALANCES:				
Reserved for Debt Service	\$ -	\$ -	\$ 836,578	\$ 836,578
Unreserved -				
Designated Diesel Replacement	-	-	450,000	450,000
Undesignated	1,865,707	8,926	320,562	2,195,195
Total Cash Basis Fund Balances	<u>\$ 1,865,707</u>	<u>\$ 8,926</u>	<u>\$ 1,607,140</u>	<u>\$ 3,481,773</u>

See Notes to Financial Statements.

CITY OF GREENFIELD, IOWA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General -

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City operates an airport and sewer system and, through its components, operates a water system, electric system and public library.

B. Financial Reporting Entity -

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. GASB Statement No.14, as amended, criteria to determine financial accountability include:

1. Appointing a voting majority of an organization's governing body,
2. The ability of the City to impose its will on that organization, or
3. The potential for the component unit to provide specific benefits to, or impose specific financial burdens on the City.

The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. For financial reporting purposes, the City of Greenfield (the primary government) has included the following component units in the City's reporting entity:

Greenfield Public Library
Greenfield Municipal Utilities

Discretely Presented Component Units -

Greenfield Public Library (Library) is governed by a seven-person board, some appointed by the City Council, and some by the County Board of Supervisors, but whose operating budget and funding is provided by the City Council. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the City Council. GMU operates water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements for each department, on the accrual basis, are available separately.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations -

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

C. *Basis of Presentation -*

The accompanying financial statements are presented on the basis of cash receipts and disbursements. This modified basis of accounting differs from accounting principles generally accepted in the United States. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the proprietary funds financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Government-wide Financial Statements -

The Statement of Activities and Net Assets display financial information about the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the financial information. This financial statement distinguishes between governmental and business-type activities. Accordingly, governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely primarily on fees and charges for services.

The Statement of Activities and Net Assets presents the reporting entity's net assets in two components:

1. **Restricted net assets:** Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation, and
2. **Unrestricted net assets:** Consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by the City Council, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. **Charges for Services:** Consist of charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function,
2. **Operating Grants and Contributions:** Consists of non-exchange revenue and interest on investments restricted to meeting the operational expenses of a particular function, and,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 3. Capital Grants and Contributions: Consists of non-exchange revenue and interest on investments restricted to meeting the capital requirements of a particular function.

Property tax and other items, not properly included as program receipts, are instead reported as general receipts.

Specific Program Receipts Included in General Descriptions Above -
In the Statement of Activities, cash basis revenues that are derived directly from each activity, or function, are reported as program revenue receipts. The City and Library governmental funds have the following program receipts in each activity:

Public Safety	Fine revenue and intergovernmental fire reimbursements
Public Works	Road use taxes, aviation fuel sales, hanger rents
Culture and Recreation	Swimming pool and camping fees, other recreation fees
General Government	License and permits, building expense reimbursements and miscellaneous user fees
Library	Late fees, copier fees and operational contributions of county and township funding

Program revenues for City proprietary funds and similar components are from user fees charged for the services provided to the users and all other related revenues not related to capital and noncapital financing or investing activities.

Funds Financial Statements -
The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. The funds financial statements display information about the government by reporting major funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its receipts, disbursements and cash and investment balances. Funds are reported as either governmental or proprietary type funds. The reporting entity has no fiduciary funds. A separate fund financial statement is presented for each fund type group.

Within the governmental and proprietary type categories, emphasis is placed on major funds. A fund is considered major if its total assets and expenditures meet criteria defined by GASB 34. Alternatively, management may determine that all funds should be reported as major funds. The accompanying Funds Financial Statements report all funds as major funds, as follows:

Governmental Fund Types -
City General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating expenses/expenditures, fixed charges and capital improvement costs that are not paid from other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund, accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund, accounts for a special property tax levy for employer matching social security and Medicare taxes and employee group insurance.

Local Option Sales Tax (LOST) Fund, accounts for revenues from the local option tax authorized by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing Fund, accounts for incremental property taxes associated with urban renewal districts improvements and debt service.

City Debt Service Fund - This fund is used to account for property taxes and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

City Capital Projects Fund - This fund is used to account for all expenditures associated with significant construction or improvements projects and proceeds of related interim debt. During the current year, the airport apron improvements and the public square re-construction were accounted for in the capital projects fund.

Library Special Revenue Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically for the Library. Disbursements from this fund are for all Library operating expenses/expenditures and fixed charges and capital improvement costs.

Proprietary Fund Types -

City Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric departments which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the citizens of the City.

D. **Measurement Focus and Basis of Accounting -**

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City and its Library component maintain financial records on the basis of cash receipts and disbursements and the accompanying financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to cash receipts and disbursements for inclusion in the City reporting entity. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, the accompanying financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. *Budgets and Budgetary Accounting -*

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds and component units, except for agency, internal service and nonexpendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits of the reporting entity at June 30, 2009, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

All members of the reporting entity are authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

NOTE 3 - SPECIAL ASSESSMENTS

Special assessments for infrastructure and capital improvements for the public square were levied during 2006 and 2008 in the total amount of \$306,038 and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear interest at 5.85% per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2009, the principal balance still due was \$106,706. During the current year, \$32,633 of collections were included as revenue in the debt service fund.

NOTE 4 - LONG-TERM DEBT

Long-term debt is segregated between amounts to be repaid from governmental activities and amounts to be repaid from proprietary activities. Outstanding debt at end of year is as follows:

Governmental -

City General Obligation Debt -

Public Square Improvement Bonds bearing interest at 3.30 to 3.90 percent (TIF District Debt)	\$ 2,415,000
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Proprietary -

GMU General Obligation Debt -	
Water Department Owed to CIPCO with no interest	100,000
GMU Revenue Obligation Debt -	
2001 Series Electric Notes bearing interest at 4.90 to 5.40 percent	1,255,000
2003 Series Electric Refunding Notes bearing interest at 3.2 to 3.2 percent	255,000
2006 Series Electric Capital Improvement Notes bearing interest at 4.00 to 4.60 percent	1,080,000
SIMECA Capitalized Lease bearing interest at 4.60 to 5.30 percent	906,000

Changes in all long-term obligations for the year ended June 30, 2009, are as follows:

	Balances July 1, 2008	Additions	Reductions	Balances June 30, 2009	Amounts Due Within One Year
Governmental Activities -					
Municipal Building	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
Public Square Improvement Bonds	<u>2,470,000</u>	<u>-</u>	<u>55,000</u>	<u>2,415,000</u>	<u>230,000</u>
	<u>\$ 2,520,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 2,415,000</u>	<u>\$ 230,000</u>
Proprietary Activities -					
CIPCO Water	\$ 120,000	\$ -	\$ 20,000	\$ 100,000	\$ 20,000
2001 Series Electric	1,275,000	-	20,000	1,255,000	20,000
2003 Series Electric	375,000	-	120,000	255,000	125,000
2006 Series Electric	1,165,000	-	85,000	1,080,000	90,000
SIMECA Lease Electric	997,000	-	91,000	906,000	96,000
	<u>\$ 3,932,000</u>	<u>\$ -</u>	<u>\$ 336,000</u>	<u>\$ 3,596,000</u>	<u>\$ 351,000</u>

NOTE 4 - LONG-TERM DEBT (Continued)

Future debt service requirements to maturities of principal and interest are as follows:

Governmental Activities -

Year Ending June 30,	City General Obligation		Total Requirement
	Principal	Interest	
2010	\$ 230,000	\$ 87,947	\$ 317,947
2011	240,000	80,358	320,358
2012	245,000	72,197	317,197
2013	255,000	63,623	318,623
2014	265,000	54,570	319,570
2015	275,000	45,030	320,030
2016	290,000	34,855	324,855
2017	300,000	23,835	323,835
2018	315,000	12,285	327,285
	<u>\$ 2,415,000</u>	<u>\$ 474,700</u>	<u>\$ 2,889,700</u>

Proprietary Activities - (including capitalized lease obligation)

Year Ending June 30,	GMU Water General Obligation		GMU Electric Revenue Obligations		Total Requirement
	Principal	Interest	Principal	Interest	
2010	\$ 20,000	\$ -	\$ 331,000	\$ 161,153	\$ 512,153
2011	20,000	-	340,000	148,166	508,166
2012	20,000	-	360,000	132,949	512,949
2013	20,000	-	375,000	115,358	510,358
2014	20,000	-	390,000	96,743	506,743
2015	-	-	415,000	76,878	491,878
2016	-	-	417,000	56,050	473,050
2017	-	-	438,000	34,241	472,241
2018	-	-	80,000	17,610	97,610
2019	-	-	80,000	14,070	94,070
2020	-	-	85,000	10,378	95,378
2021	-	-	90,000	6,417	96,417
2022	-	-	95,000	2,185	97,185
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 3,496,000</u>	<u>\$ 872,198</u>	<u>\$ 4,468,198</u>

NOTE 4 - LONG-TERM DEBT (Continued)

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to an electric revenue bond and interest account for the purpose of making the next annual principal and interest payments when due. This account was fully funded at June 30, 2009.
- c. Additional cash transfers shall be made to an electric revenue bond reserve account until such account reaches a maximum balance of \$342,000. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. This account was fully funded at June 30, 2009.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2009.

Information regarding the capitalized lease-purchase contract included in above total requirements is as follows:

The component, Greenfield Municipal Utilities, is the lessee of two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor, South Iowa Municipal Electric Cooperative Association (SIMECA), in the principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from 4.60 to 5.30 percent, are the same rates paid by lessor. GMU is required to deposit a monthly amount (currently \$11,000) sufficient to meet its share of the payments on the underlying debt, which payments are due semi-annually with future minimum payments as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 96,000	\$ 45,633	\$ 141,633
2011	100,000	41,216	141,216
2012	105,000	36,466	141,466
2013	110,000	31,322	141,322
2014	115,000	25,821	140,821
2015	120,000	19,957	139,957
2016	127,000	13,717	140,717
2017	133,000	7,049	140,049
Totals	<u>\$ 906,000</u>	<u>\$ 221,181</u>	<u>\$ 1,127,181</u>

NOTE 5 - PENSION AND RETIREMENT BENEFITS

The City, including its components, contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City, including its components, is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007, was \$56,681, \$52,195, and \$47,909, respectively, which met the required contributions for each year.

NOTE 6 - DEFERRED COMPENSATION PLAN

The City, together with its components, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 7 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2009, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

	City	Library	GMU	Total
Vacation	\$ 11,871	\$ 3,328	\$ 20,832	\$ 36,031
Sick Leave	56,155	8,179	50,493	114,827
Personal Time	1,154	-	2,913	4,067
Totals	<u>\$ 69,180</u>	<u>\$ 11,507</u>	<u>\$ 74,238</u>	<u>\$154,925</u>

NOTE 8 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2009, the City received a payment of \$100,000 from the GMU Electric Department.

NOTE 8 - INTERFUND TRANSFERS (Continued)

Transfers generally move resources from the fund statutorily required to collect the resources to the fund which may statutorily disburse the resources. Details of all transfers between funds of the primary government and between the primary government and/or its components for the current year, are as follows:

From City General Fund to Library	\$ 126,626
From City Employee Benefit Fund to City General Fund	140,644
From City LOS Tax Fund to City General Fund	470,000
From City Tax Increment Financing Fund to City Debt Service Fund	52,650
From City Tax Increment Financing Fund to Capital Projects for Square	<u>200,603</u>
Subtotal	990,523
 Payment from GMU Electric Fund to City General Fund	 100,000
 Total	 <u>\$ 1,090,523</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2009, the City had business transactions with City officials totaling \$1,100.

NOTE 10 - RISK MANAGEMENT

The City of Greenfield and its components are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2009:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2009, \$21,290 was paid pursuant to this agreement.
- B. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide for an agreed upon sale price potable water. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- C. Greenfield Municipal Utilities is one of twelve members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and is party to a long-term (15.5 years) contract with CIPCO for the purchase and redistribution to its members electric energy. There are no minimum payments required by this contract.

NOTE 12 - BUDGET OVERSPEND

City disbursements during the year ended June 30, 2009, exceed the amount budgeted for the Debt Service by \$105,000, and for Capital Projects by \$133,803.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, the City performed an evaluation of subsequent events between June 30, 2009, and April 29, 2010, the date of issuance of the financial statements, and believes that no events have occurred that require adjustment of, or disclosure in, the financial statements.

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

	Governmental Funds Actual	Proprietary Funds Actual	Net Actual	Budgeted Amounts Original	Final	Positive (Negative) Variance, Final To Net Actual
RECEIPTS:						
Property Tax	\$ 557,282	\$ -	\$ 557,282	\$ 556,369	\$ 556,369	\$ 913
Tax Increment Financing Receipts	259,513	-	259,513	180,000	180,000	79,513
Other City Taxes	192,068	-	192,068	154,958	154,958	37,110
Licenses and Permits	4,943	-	4,943	6,600	6,600	(1,657)
Use of Money (Interest) and Property	55,364	89,119	144,483	30,000	30,000	114,483
Intergovernmental	322,936	-	322,936	202,475	202,475	120,461
Charges for Services	59,857	4,110,958	4,170,815	4,834,120	4,834,120	(663,305)
Special Assessments	32,833	-	32,833	1,600	1,600	31,233
Miscellaneous	31,180	109,464	140,644	27,000	84,500	56,144
Total Receipts	1,515,976	4,309,541	5,825,517	5,993,122	6,050,622	(225,105)
DISBURSEMENTS:						
Public Safety	413,688	-	413,688	241,938	461,938	48,250
Public Works	361,058	-	361,058	532,668	532,668	171,610
Health and Social Services	-	-	-	500	500	500
Culture and Recreation	216,743	-	216,743	266,551	274,051	57,308
Community and Economic Development	19,080	-	19,080	20,000	20,000	920
General Government	255,540	-	255,540	288,790	288,790	33,250
Debt Service	105,000	-	105,000	-	-	(105,000)
Capital Projects	133,803	-	133,803	-	-	(133,803)
Business Type Activities	-	4,238,719	4,238,719	5,480,253	5,480,253	1,241,534
Total Disbursements	1,504,912	4,238,719	5,743,631	6,830,700	7,058,200	1,314,569
Excess of Receipts Over Disbursements	11,064	70,822	81,886	(837,578)	(1,007,578)	1,089,464
OTHER FINANCING SOURCES (USES), NET						
Excess of Receipts and Other Financing Sources (Uses), Net Over Disbursements	111,064	(72,507)	38,557	(964,204)	(2,274,204)	2,312,761
Balances - Beginning of Year	1,724,639	3,554,280	5,278,919	3,246,536	2,821,536	2,457,383
Balances - End of Year	\$ 1,835,703	\$ 3,481,773	\$ 5,317,476	\$ 2,282,332	\$ 547,332	\$ 4,770,144

CITY OF GREENFIELD, IOWA

NOTES TO BUDGETARY COMPARISON SCHEDULE

In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes the City's components, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2	-Valuations set for ensuing levy
March 15	-Certified Budget to County Auditor
July 1	-Taxes levied are due and payable
October - April	-Taxes are delinquent and interest accrues at 1.5% a month from October 1 or April 1 to date of payment
	-County publishes tax sale certificate and interest accrues at 2% a month

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program transactions.

Functional disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of each year.

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

	Net Actual	Final Budget
Library, included as Culture and Recreation Function	\$ 115,080	\$ 134,126
Water Department Included as Business Type Activity	562,230	715,550
Electric Department Included as Business Type Activity	3,680,067	4,645,635

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	Dates of Issue	Interest Rates	Amount Originally Issued	Balances Beginning of Year	Issued During the Year	Redeemed During the Year	Balances End of Year	Interest Paid	Interest Due and Unpaid
PRIMARY GOVERNMENT:									
General Obligation Debt -									
Municipal Building Notes	1/15/1997	5.30%	\$ 460,000	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 2,650	\$ -
Public Square Improvement Bonds	12/15/2007	3.30-3.90%	2,470,000	2,470,000	-	55,000	2,415,000	131,153	-
Total Primary Government				<u>\$ 2,520,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 2,415,000</u>	<u>\$ 133,803</u>	<u>\$ -</u>
COMPONENT GOVERNMENT:									
Water General Obligation Debt -									
CIPCO Rural Economic Development Loan	6/10/2004	0.00%	200,000	\$ 120,000	\$ -	\$ 20,000	\$ 100,000	\$ -	\$ -
Electric Revenue Obligation Debt -									
Revenue Notes	5/1/2001	4.80-5.40%	1,400,000	\$ 1,275,000	\$ -	\$ 20,000	\$ 1,255,000	\$ 66,145	\$ -
Refunding Notes	7/1/2003	2.70-3.20%	840,000	375,000	-	120,000	255,000	9,530	-
Capital Improvements Bonds	11/15/06	4.00-4.60%	1,220,000	1,165,000	-	85,000	1,080,000	47,810	-
				<u>\$ 2,815,000</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 2,590,000</u>	<u>\$ 123,485</u>	<u>\$ -</u>
Electric Capitalized Lease - Purchase of Generation Units	3/1/02	4.40-5.30%	1,479,327	\$ 997,000	\$ -	\$ 91,000	\$ 906,000	\$ 49,707	\$ -
Total Component Government				<u>\$ 3,932,000</u>	<u>\$ -</u>	<u>\$ 336,000</u>	<u>\$ 3,596,000</u>	<u>\$ 173,192</u>	<u>\$ -</u>

CITY OF GREENFIELD, IOWA

**SCHEDULE OF BOND AND NOTE MATURITIES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

PRIMARY GOVERNMENT:

	<u>GO T I F Debt</u>		Total
	Public Square Improvement Bonds December 15, 2007 December 1 and June 1 June 1, 2013		Principal
Date Issued			
Dates Interest Payable			
Date Callable			
Due in Year	Interest		
Ending June 30,	Rate	Principal	
2010	3.30%	\$ 230,000	\$ 230,000
2011	3.40%	240,000	240,000
2012	3.50%	245,000	245,000
2013	3.55%	255,000	255,000
2014	3.60%	265,000	265,000
2015	3.70%	275,000	275,000
2016	3.80%	290,000	290,000
2017	3.85%	300,000	300,000
2018	3.90%	315,000	315,000
		<u>\$ 2,415,000</u>	<u>\$ 2,415,000</u>
Total Primary Government			

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
PROPRIETARY FUNDS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

COMPONENT GOVERNMENT:									
Date Issued Date Interest Payable Date Callable	General Obligation		Revenue Notes and Bonds						Total
	Water	Principal	Electric			Electric			Lease - Purchase
			Interest Rate	Principal	Interest Rate	Principal	Interest Rate	Principal	
Due in Year Ending June 30,	Interest Rate	Principal	Interest Rate	Principal	Interest Rate	Principal	Interest Rate	Principal	Interest Rate
2010	-	\$ 20,000	4.90%	\$ 20,000	3.00%	\$ 125,000	4.00%	\$ 90,000	4.60%
2011	-	20,000	5.00%	25,000	3.20%	130,000	4.00%	85,000	4.75%
2012	-	20,000	5.10%	175,000	-	-	4.00%	80,000	4.90%
2013	-	20,000	5.15%	185,000	-	-	4.05%	80,000	5.00%
2014	-	20,000	5.20%	195,000	-	-	4.15%	80,000	5.10%
2015	-	-	5.25%	205,000	-	-	4.20%	90,000	5.20%
2016	-	-	5.30%	220,000	-	-	4.25%	70,000	5.25%
2017	-	-	5.40%	230,000	-	-	4.30%	75,000	5.30%
2018	-	-	-	-	-	-	4.40%	80,000	-
2019	-	-	-	-	-	-	4.45%	80,000	-
2020	-	-	-	-	-	-	4.50%	85,000	-
2021	-	-	-	-	-	-	4.55%	90,000	-
2022	-	-	-	-	-	-	4.60%	95,000	-
Total Component Government		\$ 100,000		\$ 1,255,000		\$ 255,000		\$ 1,080,000	\$ 906,000
									\$ 3,596,000

CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE FOUR YEARS ENDED JUNE 30,**

	2009	2008	2007	2006
RECEIPTS:				
PRIMARY GOVERNMENT -				
Property Tax	\$ 557,282	\$ 515,896	\$ 541,790	\$ 586,508
TIF Revenues	259,513	206,200	195,133	156,844
Other City Taxes	192,068	167,996	162,127	41,747
Licenses and Permits	4,943	5,651	7,302	15,531
Use of Money (Interest) and Property	54,622	104,334	112,299	54,710
Intergovernmental	313,089	215,941	725,673	215,898
Charges for Services	58,112	44,525	47,390	53,719
Special Assessments	32,833	106,092	-	-
Miscellaneous	<u>25,656</u>	<u>79,215</u>	<u>29,415</u>	<u>32,130</u>
Totals	1,498,118	1,445,850	1,821,129	1,157,087
LIBRARY COMPONENT -				
Use of Money (Interest) and Property	742	1,432	2,081	1,269
Intergovernmental	9,847	9,980	9,018	9,002
Charges for Services	1,745	1,202	-	-
Miscellaneous	<u>5,524</u>	<u>5,829</u>	<u>7,459</u>	<u>8,393</u>
Totals	17,858	18,443	18,558	18,664
Total Government Receipts	<u>\$ 1,515,976</u>	<u>\$ 1,464,293</u>	<u>\$ 1,839,687</u>	<u>\$ 1,175,751</u>
DISBURSEMENTS:				
PRIMARY GOVERNMENT -				
Operating -				
Public Safety	\$ 413,688	\$ 172,870	\$ 210,538	\$ 173,259
Public Works	361,058	281,578	267,599	262,424
Culture and Recreation	101,663	93,386	87,398	112,134
Community and Economic Development	19,080	17,555	18,055	15,051
General Government	255,540	260,166	265,553	248,769
Debt Service	105,000	50,190	64,709	114,726
Capital Projects	<u>133,803</u>	<u>2,932,314</u>	<u>2,662,994</u>	<u>765,230</u>
Totals	1,389,832	3,808,059	3,576,846	1,691,593
LIBRARY COMPONENT -				
Culture and Recreation	115,080	120,993	114,206	116,574
Total Government Disbursements	<u>\$ 1,504,912</u>	<u>\$ 3,929,052</u>	<u>\$ 3,691,052</u>	<u>\$ 1,808,167</u>

CITY OF GREENFIELD, IOWA

OTHER REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated April 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greenfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider deficiencies in internal control described in Part 2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 2A, 2B and 2C to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 3, Item 09-3B, of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By  _____
Certified Public Accountant

April 29, 2010

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

- 09-2A **Cash Accounts** - We commented in the prior year that a single individual prepares checks, reconciles bank accounts and maintains the general ledger. Recording of receipts and writing and recording payroll are performed by a different employee. To the extent possible, duties should be segregated to serve as a check and balance for identifying errors, to eliminate errors in the monthly financial reports, and to maintain the best control system possible. A primary control procedure is the regular reconciliation of all cash accounts.

The City of Greenfield shares a pooled checking account, savings account and multiple certificates of deposit to manage its cash. The component, Greenfield Municipal Utilities, also uses a pooled cash arrangement. In both entities, self-balancing individual funds are used for accounting purposes to track how each fund shares in each separate pooled cash account. An integral part of the regular bank account reconciliation is verifying each fund's share in the overall cash balance. The records indicated that some City bank account reconciliations were not timely and that bank account reconciliations for Greenfield Municipal Utilities for March through June were not prepared until August 2009.

Recommendation - All cash accounts should be reconciled timely and regularly. Further, alternating the reconciliations between two employees would increase the overall control. We also recommend the governing board be provided a monthly cash report which would show the total cash in each bank account and the amount of each fund's share in the overall pooled balance in checking, savings or certificates of deposit.

Response - The clerk was newly hired shortly after the City installed a completely new accounting software system. Further, the new Clerk had no prior experience working in a governmental environment and had only minimal training before the Clerk she was replacing left. The current Clerk has improved from last year and will continue to improve as more experience is acquired with regular use of the accounting software.

Conclusion - Response accepted.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

09-2B **Accurate Financial Reports** - We noted in the prior year that various accounting and reporting processes are delayed. Specifically, for the component, Greenfield Municipal Utilities, the vendor accounts payable, SIMECA Payable, and Sewer fee collection payable need to be reconciled to the general ledger monthly and the debt payments need to be charged to the proper fund. During the current year, we noted that financial reports are now timely, but not yet accurate for these accruals. City financial reports were generally timely and accurate for actual transactions, but budget information used in the financial reports did not agree with the adopted budgets in all line-item instances.

Lack of having correct financial information can impact management's ability to effectively maintain oversight of an organization. Critical areas such as financial analysis, budgetary control, cash flow, and compliance with various statutes can all be negatively impacted. Further, we believe that the lack of accurate management reports removes the important control function of management oversight necessary with limited segregation of duties. Although this problem did improve during the current year, it is not resolved to the extent to not continue this comment this year.

Recommendation - We strongly suggest that whatever steps necessary be taken to ensure that the board receives accurate financial information on a regular basis. Specifically, accrual and payable accounts need to be verified and reconciled monthly. We further recommend that the reports be developed to come from the new software. This may require changing some work flow procedures or additional training on the new software. Once the reporting process is up to date, every effort must be made to maintain that status.

Response - With the relatively new accounting software and the Office Manager/City Clerk having limited experience in this type of environment, she may be overburdened producing management financial reports, understanding the governmental accounting practices specific to the governmental environment and performing her duties as City Clerk. Management believes this situation will continue to improve as more experience is acquired with daily use of the accounting software and further knowledge is gained of the governmental environment.

Conclusion - Response accepted.

09-2C **Special Casualty Insurance Levy** - For the current year, the City's approved budget included a special levy for property and liability insurance. The amount collected by the County and remitted to the City was combined with and reported as an employee benefit levy. This resulted in the City erroneously making expenditures for employee benefits, instead of general government expenditures, of over \$1,400 from the specially levied receipts. In every instance of a special levy, the funds must be identified when collected and used only for the purpose for which the levy was made. This error was corrected during the audit process.

Recommendation - All funds collected as a result of a specially levied tax must be identified and credited to the fund from which the expenditure, which is proper to be made from the tax, is subsequently paid.

Response - This problem seems to be caused by a unique nature of accounting for the governmental environment specific accounting practices specific required. The City will record special tax levies properly in the future.

Conclusion - Response accepted

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

09-2D **Prior Year Findings** - In the prior year, we commented on the timeliness of bank account reconciliations and of preparing financial statements. Notwithstanding comments above, timeliness in these two areas is much better than in the prior year. In addition, we commented about accurate account posting and account coding, and timely remittance to the City by the electric department of sewer fees collect for the City. Our audit disclosed no continuing findings in these two additional areas.

Instances of Non-Compliance:

See Item 09-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

09-3A **Official Depositories** - A resolution naming depositories for funds of the City, Library, and Greenfield Municipal Utilities has been approved by the City of Council or Boards of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

First National Bank	\$ 4,000,000
Union State Bank	4,000,000

09-3B **Certified Budget** - City disbursements during the year ended June 30, 2009, exceed the amount budgeted for the Debt Service by \$105,000, for Capital Projects by \$133,803. The excess expenditures in debt service were budgeted in as transfers out of another fund. The excess expenditures in capital projects were the final expenses connected with the Public Square project approved and started in a previous year. A budgetary comparison schedule is presented on a separate page in another section of this overall report.

09-3C **Questionable Disbursements** - No expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979, were discovered during our audit.

09-3D **Travel Expense** - No expenditures for travel expenses of spouses of officials or employees were discovered during our audit.

09-3E **Business Transactions** - No business transactions between officials of the City, Library, or Greenfield Municipal Utilities were discovered by our audit that were other than immaterial and met the guidelines of the Code of Iowa.

09-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. A listing of Officials and bond coverage amounts is presented on a separate page in another section of this overall report.

09-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. However, total receipts were not included in the minutes.

09-3H **Deposits and Investments** - Officials of the City, Library, or Greenfield Municipal Utilities have adopted a written investment policy statement as required by Chapter 12B.10B of the Code of Iowa and no instances of noncompliance were noted by our audit procedures.